

SMART+

Promotion of RTD & SME Innovation Mini-Programme

SMART + is a mini-program on Entrepreneurship and Innovation of SMEs at the regional level. The project is funded by the INTERREG IVC and the European Regional Development Fund (ERDF). SMART + was approved by the Monitoring Committee INTERREG IVC on November 5th, 2009.

Content

Innovation is possible	2
Sources of innovation	2
Tools to develop a Cluster-based Competitiveness Initiative	3
Best Practices	
Preserving local germplasm: Agriculture Research Institute Turda	5
Pharmaceutical sales by online shopping: Omnia Pharmacy	5
Product innovation through research project involvement: Proplanta	6
Social media tools for brands notoriety: Cosmetic Plant	7



European Union
European Regional Development Fund

The **SME Go Global Network (SMEGoNet)** aims to increase capabilities of both clusters initiatives and it's members, to professionally define and manage joined innovation initiatives increasing it's local and global competitiveness. The project is targeted at small and medium size businesses, but also involves other private and public organizations, like SME's partners within innovation networks.

To that end, the project focuses on:

- identifying and promoting value-added services tailored to needs of SME's
- promoting entrepreneurship and innovativeness
- building skills for effective collaboration within local and international networks
- promoting "open innovation" as the concept used to leverage resources available in the network and strategically manage business innovation processes

The project supports the broader concept of Global Innovation Network of life science regions and clusters.

The members of SMEGoNET Cluj

SMEs

- | | |
|--|--|
| <ul style="list-style-type: none"> • Allo Farm • AMP Diagnostics • Blue Life Medical Center • Orthopedic - Traumatology Medical Office Dr. Moga Costel • Cosmetic Plant Prodcom • Dentatech • Ducfarm • Electronic April Aparatura Electronica Speciala • Genetic Center • Institute of Health and Aesthetics Luna • International Laboratory | <ul style="list-style-type: none"> • Laboratory of Oxidative Stress • Medicover • Medsan • Mr. Dental Med • Netmatch • New York Dental • Omnia Pharmacy • Ortoprofil • Plantextrakt • Proplanta • REGINA MARIA The Private Healthcare Network • Romsound |
|--|--|

Research Institutes/Centers

- Center for Health Policy and Public Health
- Interdisciplinary Research Institute on Bio-Nano-Science
- Agriculture Research Institute Turda

IT and consultancy services

- Low Office - Mocean Mihaela
- KL Software
- Ro Planet

Innovation is possible

Innovation process in an organization can be viewed as a long term risky investment. Therefore there is a need for managing the innovation effort. Innovation can be seen from four perspectives:

- **Product Innovation** involves marketing of new or significantly improved products or services in terms of their capabilities. Products must be new for the company and not necessary new to the market or company's field of activity.
- **Process Innovation** refers to the implementation of new or significantly improved production processes and supporting activities for goods and services. These innovations must be new to the firm, but not necessarily need to be new to the industry.
- **Organizational Innovation** concerns the implementation of new or significantly changed management methods or systems in order to improve the use of knowledge in the company, the quality of goods and services and to increase work efficiency.
- **Marketing Innovation** implies adoption of new or significantly improved methods for packaging products or distribution.

You can find many cases of small, very flexible companies which, without making special investments in research, have benefited from research conducted by important companies with impressive research budgets and a remarkable advance in the field, but which didn't know how to exploit their creative effort.

The innovation coefficient of a firm depends on management ability to create an environment conducive to innovation. Otherwise, good ideas will never be implemented.

Sources of innovation

Innovation is the sequence of activities seeking to transform ideas into products and services available to consumers.

Organization of innovative activities in a company should start with determining potential sources of ideas and ways to use them for company development.

Staff creativity is a decisive factor in the innovation process as it may be the most important source of ideas for new products and technologies needed by the company. Creativity is not enough because the ideas, however good they are, must be transformed into products and services.

Idea generation sources can be classified into two categories: **internal** and **external sources**.

The internal sources include employee suggestions from research and development, marketing, production and sales department. Top management, customer service are also internal sources of innovation.

R&D Department is an important source of innovation due to the specialists working in this department. Innovation is included among the main strategies of large

companies. These successful companies encourage all employees, not only those from R&D, to become "champions of innovation".

Any of their employees, if he/she has a new idea, is encouraged to analyze it in order to determine the existing knowledge related to it and its place in the company.

A key objective of marketing is to study the market and identify consumer needs and desires. The starting point in search of new products ideas is the consumer needs and desires. Production function, given the complexity of the activities carried out, can become a source generating ideas, especially regarding the change, or improvement of existing products/processes.

There are cases where even top managers can be considered sources of ideas because of their active involvement in the innovation taking place within the company. Sales personnel can be a source of ideas through the direct contact with customers, so being able to identify needs and desires. Customer service records any problems encountered by consumers using a product and their complaints. Considering these they can bring permanent improvement in the company.



Staff creativity is essential in the evolution of the innovation process, but not sufficient. Sources of ideas are often external to the company, ideas coming from outside; however experience shows that most creative companies have been those who made innovations following the implementation of their ideas or their research.

We can include among the most important external sources of innovation the following:

- competitors;
- customers;
- distributors;
- suppliers;
- and some companies specialized in particular areas.

Customers of a company can become an important source of ideas if they are treated responsibly by the company.

It is known that many technical profile companies have realized that they can get some good quality information about their products by studying "advanced users", i.e. those consumers who use products at their full capacity.

New ideas can appear also studying competitors.

Distributors are those who know the very well the market in which are operating competitor's products, being also the first to find out about the appearance of new products, technologies, etc.. Suppliers through materials and supplies they provide for the company may influence, to some extent, the emergence of innovation within an enterprise.

Companies can turn to specialized companies to obtain new ideas. These specialized companies could be design firms, consulting firms acting in different areas, advertising agencies, marketing agencies, etc.

Constant sources of innovation are academic and research institutions whose experts are always connected to all the novelties in their research field. Research projects in different areas taking place having as partners companies and higher education institutions are very common.

Other external sources such as business partners, licenses, contracts, etc. which can be considered as generators of innovation must be used by companies to the maximum.

Tools to develop a Cluster-based Competitiveness Initiative

Descriptions of tools that can guide and structure cluster analysis:

I. Cluster definition

Tool 1: Cluster Mapping

Objectives

- (i) To prepare an economy-wide outline of specific nuclei of economic activities within the overall economy;
- (ii) define the linkages, externalities and synergies that bind the entities into a cluster;
- (iii) begin the process of discovering possible gaps and weaknesses that limit the competitiveness at both cluster and economy levels.

Possible outcomes

- (i) Motivation to look at the elements of the business environment that hinder a cluster's balanced development;

- (ii) insights into a cluster's performance relative to peers and competitors;

- (iii) a deeper understanding of clusters as the location of related activities, not just the concentration of companies in a single segment of the value chain.

II. Cluster analysis

Tool 2: Product and Market Segmentation

Objectives

- (i) Identify the key products and market segments in which a cluster is currently and potentially active;
- (ii) team-building;
- (iii) generate a consensus regarding a cluster's key problems.

Possible outcomes

Insightful analysis of the potentials of success and the impediments.



Tool 3: SWOT (Strengths, Weaknesses, Opportunities, Threats)

Objective

Focus the discussion on the perceived state of the clusters with regard to competition in local and export markets.

Possible outcomes

A consensus on SWOT among stakeholders that will help define strategies to include in the initiative.

Tool 4: GAP Analysis

Objective

To help steer the focus to issues outside the cluster—competition is outside the country not inside the room.

Possible outcomes

Generic insights into a cluster's major drivers of success.

Tool 5: Porter's Five Forces Analysis

Objective

- (i) to ascertain a cluster's strategic efficiency;
- (ii) determine the long - and short term implications of competing in certain product and market segments.

Possible outcomes

- (i) a clear understanding of the attractiveness of a cluster in selected product/ market segments;
- (ii) an indication of the impediments to competitiveness that should be removed by the cluster initiative.

Tool 6: Value Chain Analysis

Objective

- (i) Assess linkages within the value chain of production;
- (ii) develop alternative strategic options and scenarios.

Possible outcomes

- (i) Effectively engage all stakeholders in the value chain;
- (ii) broaden cluster composition.

Tool 7: Market Trends Analysis

Objective

- (i) To pin down the potential product and market segments that a cluster may be missing;
- (ii) to assess and anticipate the performance of regional and global markets in terms of product, price, volume, and market share.

Tool 8: Competitive Positioning Analysis

Objective

To analyze key cluster products and services on attributes decisive to desired market segment vis-à-vis their competitors. This analysis helps inform cluster stakeholders about opportunities to reposition the cluster, preferably to higher value-added market segments or into the lowest cost position. The product scope analysis that is part of this tool helps determine product position in terms of complexity, variety, and value addition. The cost benchmarking element helps prioritize and structure key areas for improvement and helps set quantifiable and achievable goals.

III. Assessing Institutional Support

Tool 9: Old and New Institutions for Collaboration

Objective

To identify whether a cluster has institutional and/or social capital to sustain collective action.

Possible outcome

- (i) Reform of existing government and/or private sector institutions;
- (ii) creation of necessary new institutions;
- (iii) stronger focus on the process of economic reforms and not just their content;
- (iv) stronger focus on regional institutional capacity and not just on the central government.

IV. Controlling the Process

Tool 10: Monitoring and Evaluation

Objective

To evaluate the progress of a cluster initiative, including its actions, investments, finances, ownership and hence sustainability.

Best practices

1. Preserving local germplasm: Agriculture Research Institute Turda

The objective of this good practice is to preserve genetic variability of winter wheat, corn, beans for enriching world collections and preserving existing unique genes of these local populations (varieties, breeds), to be used in cases of genetic vulnerability. These sources of local germplasm can be used as such in organic agriculture or for improving existing cultivars.

The activity began in 1957, with the establishment of the institution. SCDA Turda preserves genetic material in the form of varieties, local populations, synthetic populations, populations of heterotic groups genetically differentiated, inbred lines, in order to preserve germplasm, to improve varieties through works of mass selection, recurrent selection, reciprocal recurrence selection, inbreeding.

Preservation of genetic material is made through grains storage and regular maintenance is done in germplasm field. Some genetic materials are sent to Suceava gene bank. Genotypes of high biological value are used in breeding programs at SCDA Turda. Many of these germplasm sources are used in international trade. Swine breeds were collected from private farmers and maintained by methods of quantitative genetics to avoid inbreeding.

SCDA Turda collaborates to preserve germplasm with SCDA Suceava and to maintain and improve the best practice with similar institutions: INCDA Fundulea, SCDA Suceava, SCDA Simnic, SCDA Lovrin. It planned a



collaboration with USMAV Cluj-Napoca for plant germplasm preservation in a germplasm repository under construction and endowment with refrigeration equipment.

As a member of the new formed life science network, SCDA Turda brings the idea to use the genetic material in collaboration with companies/institutions in the network: to restart cultivating production optimal amounts of plants and use them/their seeds/etc. as raw material by network companies. This direction of development of ARDS Turda aims at involving companies from the three SMEGONET partner regions, too.

Also, the good practice can be transferred to similar institutions and private firms in plant breeding and seed production field, which may use similar methods to collect, study, improve and use plant germplasm.

Financial resources: used – local funds, national funds; perspectives – European funds, government funds

Area of the good practice: Marketing, Production.

Type of Innovation: product/service, process.

2. Pharmaceutical sales by online shopping: Omnia Pharmacy

A website was created where customers can launch an online order for products available online. Thus, the services of Elixir and Omnia pharmacies were expanded and, at the same time, clients' access to drugs through home delivery was improved.

According to law, only some of the drugs available in the pharmacies are available online.

All orders placed by customers are initially taken by a pharmacist and then the products are delivered by a driver employed by the pharmacy. Delivery is by courier. Payment can be made "Cash" to the currier or online.

The order: at webfarm.ro all orders are delivered free of charge in Cluj county. All orders made until 18:00 of the current day are delivered the same day (for customers in Cluj-Napoca). There is an emergency phone number. Orders in other counties are delivered via courier. Transportation costs 10 RON anywhere in the country (no extra fee or tax kilometers pounds). When an order exceeds 300 ron transport is free anywhere in the country. Orders are delivered within 72 working hours.

Area of the good practice: marketing.

Types of improvement: customers' communication.

3. Product innovation through research project involvement: **Proplanta**

Proplanta company pursued since its founding in 2001 product development and small scale pilot production through involvement in research in biotechnology.



Proplanta product range includes:

- **Food supplements** - herbal extracts with scientifically proven action through clinical trials (cardiovascular disease, diabetes, biliary, ophthalmologic, obesity)
- **Organic food** range with sea buckthorn jam or currant-raspberry-blueberry prepared only with organic honey (approved ECOINSPECT), jellies with fructose and pectin from citrus fruits, balsamic vinegars with underbrush or currants,
- **DERMAPLANT natural cosmetics.**

The company's development strategy aimed at continuously expand the range of products through product innovation process. Any new items added to a line or a new range of products is a result of research and an invention or innovation in the field. Most products are awarded at national forums for inventions and innovations.

An example of research collaboration is the company's activity between 2001-2004, in collaboration with the Biotechnology Center of the Science Park CREALYS THT, Gembloux, Belgium, when the PROBIOSTIM product was developed – a probiotic food.

The innovative character of the company is highlighted by the creation of bio soaps without synthetic additives. They are made exclusively from natural plant oils rich in active ingredients with antioxidant and skin protector.

So far, the company has participated in over 15 national and international research projects.

In recent years, the company has applied for European funds (POS-CEE) to create infrastructure for Research and Development Center of Biotechnologies Applied in diagnostics and molecular therapies, unique in the country.

As a result of human resource experience, the company added to its activity services such as: nutritional and technological consulting, biochemical analysis for plants and food, franchising and production licenses.

In order to improve the market coverage at local and national level, Proplanta company initiated two actions in marketing its products:

- Opening of a retail store in a mall (Iulius Mall)
- Partnership with a natural products online distribution company (Sano Nature Plus), which sells exclusively Proplanta products

Thus, Proplanta company aimed to create for itself an image, to develop a brand and to improve its positive appreciation and awareness on the market.

Area of the good practice: product, process, marketing.

Types of improvement: products.



Proplanta won the competition **Best Open Innovation-Idea/Practice** organized in August-September 2012 as a activity of the **SMEGoNET** subproject. Ms. Baciú Ana from Proplanta participated in October 2012 in Life Science Open Space, a **Life Science Klaster Krakow** event where she made a presentation of the firm's results and launched collaboration proposals for cluster members.

4. Social media tools for brands notoriety: **Cosmetic Plant**

Cosmetic Plant is a small domestic manufacturer of cosmetics and personal care products which started business activity in 1991.

The company grew with small steps, together with customers appreciation, adapting itself to emerging technological upgrades while maintaining traditional ways of obtaining herbal extracts; these are made in own factory and incorporated in creams as soon as they are ready. Natural elements are combined with modern ingredients; the products are enriched with vitamins, so as to obtain the highest quality and efficacy of products.

During the crisis, the company has invested heavily in marketing and advertising, has launched new products range; has changed the packaging of old products and has began, timidly, to be creative: for the first time in company's history, in July 2011, one Cosmetic Plant product was offered as a gift within "Avantaje" women magazine.

Cosmetic Plant has preserved traditional ways of promotion (signaling shelf promotions, advertising in magazines with female target, public launching of new products), but has also implemented new methods. The company analyzed social media benefits and, in 2010, decided to create **Facebook** and **Twitter** accounts.

Responding to the exponentially growth of the number of beauty blogs in Romania, the company decided to create a Cosmetic Plant blog:

<http://cosmeticplant.com/blog/>.



The company also created on its website an application to purchase products online.

After a period in which the firm managed internally the social media accounts and customer community formation around the brand, it decided to outsource these activities to an experienced blogger. Thus, the blogger dealt with online marketing and PR: social media, relationship with bloggers, adwords campaigns, research of online and offline promotion activities. This,

© Cosmetic Plant



along with posting different topics or business advice on company's blog, contributed in raising company awareness and sales volume during the last 3 years.

The main purpose of social media is to develop a community around the company's products and to increase brand awareness, offering information on new products, launching contests, responding to customer questions and obtaining feedback from them.

In order to create a strong image in clients' mind, it is important not only to promote the products, but also to gain customers' trust and interest. Thus, the social media tools helped the company to convey particular messages to its clients, to answer their questions or queries, to promote their products and launch promotion campaigns, to measure the impact of different marketing instruments on the market.

Area of the good practice: Marketing.

Type of Innovation: process.

Project partners



Klaster Life Science Krakow (Malopolska, Poland)

The Life Science Klaster initiative in Krakow (LSKK) has been established in 2006 as a collaborative project of institutions representing business, science and healthcare with active support, guidance and facilitation by local government. The idea to form and sustain a commercially viable cluster dedicated to innovations in life sciences has been developed on understanding and recognition of the already existing potential of both the Polish life science industry and the R&D sector.



Aragonese Cluster of Biotechnology - BioAratec (Aragon, Spain)

BioAratec is the Cluster of biotechnology companies in Aragon. It was created in 2008. The Cluster includes private and public companies, institutes of research and the University. BioAratec is part of the Global Innovation Network (GIN), a global network of emerging life science regions helping each other compete with and complement larger communities. GIN links development organizations and research institutions in supporting the life sciences in emerging life science regions around the world.



Universitatea
BABEȘ-BOLYAI

Babes-Bolyai University from Cluj-Napoca (Cluj, Romania)

Babes-Bolyai University is an academic educational public institution, represented in this subproject by **Faculty of Business** and Institute of Technologies. One of the most persistent concerns of Babes-Bolyai University is to promote and sustain technological development through cooperation and involvement in partnership and joint project with business and research community from local, regional, national and international area.



Research Committee
University of Western Macedonia

University of Western Macedonia - Research Committee (Western Macedonia, Greece)

UoWM has been an active partner in competitive projects of the European R&D FPs, Innovative Actions of the ERDF (e.g. action of Knowledge Clusters in Western Macedonia), Regional Innovation Poles and INTERREG projects, on topics: role of innovation in regional development, knowledge clusters and networking, spin-off development, design of regional innovation poles, regional knowledge management, elaboration of tools supporting technological innovation and technology management, etc.

Contact

Facultatea de Business

Str. Horea Nr. 7, 400174, Cluj-Napoca, Cluj, România

Universitatea Babeș-Bolyai Cluj-Napoca

Email: smegonet@gmail.com

<http://www.lsgin.com/>

<http://www.facebook.com/SMEGoNETCluj>

